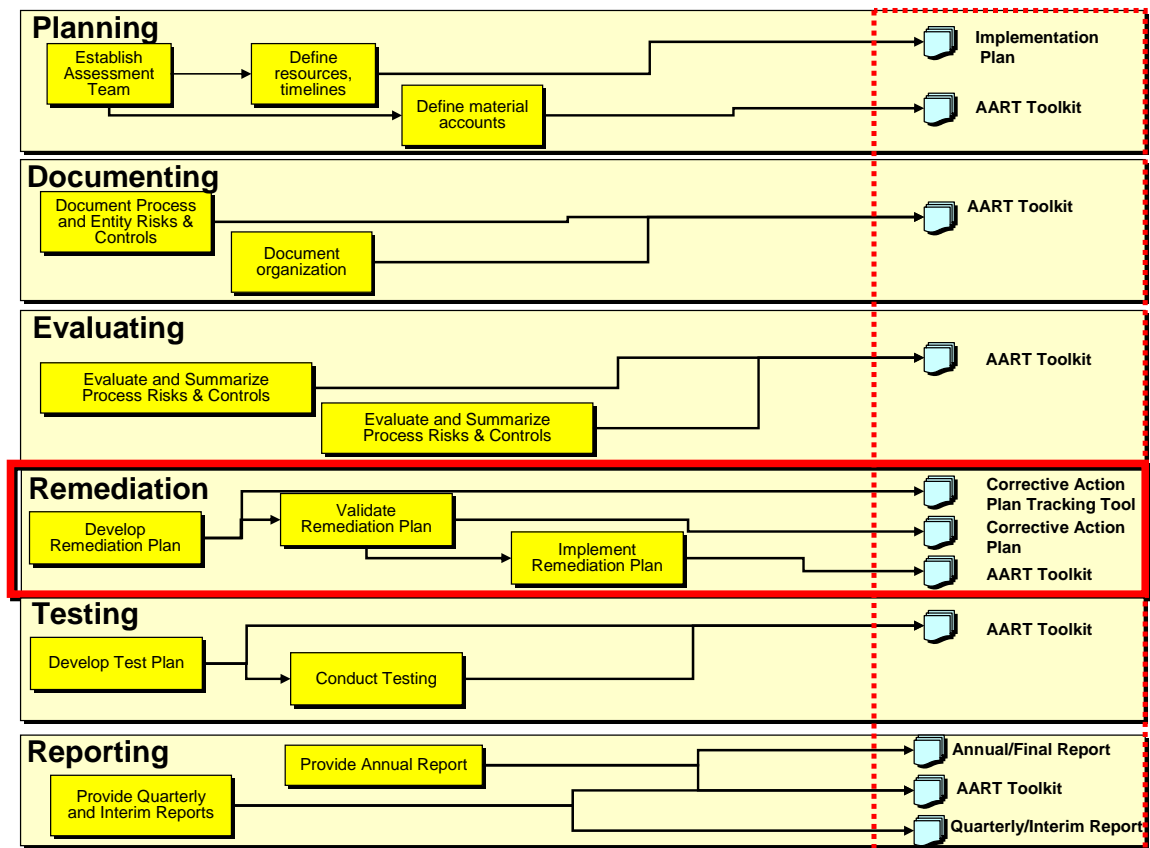




Quick Start Guide 5 – Remediation



Purpose	<ul style="list-style-type: none"> Develop and implement remediation actions that improve the effectiveness of internal controls over financial reporting
Key Activities	<ul style="list-style-type: none"> Develop remediation actions for ineffectively designed Controls (Per Evaluation Phase) Develop remediation actions for ineffectively operating Controls (Per Testing Phase) Implement and Track Corrective Actions
Required Templates	<ul style="list-style-type: none"> AART Toolkit Corrective Action Plan (CAP) Form & Content CAP Tracking Sheet



Quick Start Guide 5 – Remediation

Document Legend	
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STOP	Required
NOTE	Note
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PROCEDURES



The Evaluating and/or Testing phases have been completed to identify entity and process controls that are not designed or operating effectively. Once identified, Field Offices and Sites are responsible for taking timely and effective action to correct deficiencies and weaknesses. The individual(s) performing remediation actions should not be the same individual(s) performing the evaluation of controls.

A. Identify Scope and Remediation Strategy

1. **Process Remediation:** Identify sub-processes and related controls that require remediation. These are flagged with a "Yes" in the "Remediation Plan Req'd" column of the PCS-Assess worksheets of the Site AART Toolkit. Remediation activities may have been identified during the Documentation, Evaluation and/or Testing Phases.

Figure 1¹

	B	C	D	I	J	K	L	M	N	O	Q	R	S
1	AART: PCS Assess			3.0		General Ledger Mgmt		P2P		Travel			
2	Site		ORNL			Funds Mgmt		P2P		Revenue			
3	Attester		tbd			FBV/T		P2P		Receivable Mgmt			
4	Implementer		tbd			Cost Mgmt		P2A		Project Cost Mgmt			
5	Date Updated		ddmm/yyyy			Insurance		P2A		Property Mgmt			
6	Insert Row	Delete Row				Grants		ERM		Seized Property Mgmt			
7	Make sure the active cell is in the input section (below row 13) to use the Insert Row and Delete Row functions.					Loans		ERM		Human Resources			
8						Acquisition		ERM		Payroll			
9						Inventory Mgmt		ERM		Benefits			
10						Payable Mgmt							
11													
12	Process Cyl	Processes	Sub Processes	Impact	Risk Assess ment	Controls	Cntl Type	Cntl Freq	Control Dsgn Effect	Test	Control Inefficien	Remediation Plan Req'd	Compl
13	P2P	Acquisition	Create Acquisition	M		Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	Aut	R	6			No	
15	P2P	Acquisition	Approve Acquisition	H		Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approval are required, therefore the likelihood of this occurrence is low.	Aut	R	6			No	
16	P2P	Acquisition	Internal Sourcing	M		Internal Sourcing is approved by supervisor in sourcing and Manager or department requesting goods and/or services.	Man	R	5			yes	
17	P2P	Acquisition	External Sourcing			Internal Sourcing is approved by supervisor in sourcing and Manager or department requesting goods and/or services.	Man	R	5			yes	
18	P2P	Acquisition	Select Vendor										
19	P2P	Acquisition	Create PO										
20	P2P	Acquisition											
21	P2P	Acquisition											


2. **Entity Remediation:** Identify the sub-category and related controls that require remediation. These are flagged with a "Yes" in the "Remediation Plan Req'd" column of the ECS-Assess worksheet of the AART Toolkit. Remediation activities may have been identified during the Documentation, Evaluation and/or Testing Phases.

¹ Most screen shots reference the PCS-Assess Worksheet, though the columns are the same for both PCS and ECS-Assess Worksheets



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3. **Remediation Strategy:**  Prioritize remediation activities and identify individuals accountable for developing corrective actions, tracking remediation and verifying completion/implementation. Based on this prioritization establish an overall remediation strategy that supports the most effective and efficient implementation of corrective actions.

B. Corrective Action Plan Development and Documentation

1. The individual(s) responsible for the remediation will develop a Corrective Action Plan (CAP) that identifies remediation actions for each sub-process/sub-category identified in Section A above.

Key elements of the CAP include:

- ⇒ Summary of deficiency
- ⇒ Responsible official
- ⇒ Remediation Strategy
- ⇒ Milestones and tracking data
- ⇒ Process status
- ⇒ Signatures of accountable individuals

The Department's required CAP form and content can be found on the CFO A-123 Website. Sites may add elements to the CAP form and content, but all listed elements must be provided in the site action plan.

2. Documentation must be maintained to support the completion of each milestone all the way through implementation of corrective actions. Documentation may include certifications, reports, memoranda, etc.



A single CAP may cover multiple sub-processes and related control deficiencies.



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C. Corrective Action Plan Tracking

1. Prepare the Corrective Action Plan Tracking Sheet: The A-123 Project Lead is responsible for tracking and reporting the status of corrective actions and updating the AART toolkit. A Corrective Action Plan Tracking Sheet has been provided on the CFO A-123 Website for use in tracking corrective action status. This tracking sheet will be required as part of Quarterly Reporting.
2. Return to PCS- or ECS- Assess worksheets and:
 - ⇒ Input the Corrective Action Plan ID # (from the CAP Tracking Sheet) into the "Remediation Plan: Complete" column for the related Sub-process(es)/Sub-Category(ies).

Figure 2

	B	C	D	L	M	N	O	Q	R	S	T
1	AART: PCS Assess		Version 3.0								
2	Site		ORNL								
3	Attester		tbd								
4	Implementer		tbd								
5	Date Updated		ddmm/yyyy								
6	Insert Row Delete Row										
7	Make sure the active cell is in the input section										
8	(below row 13) to use the Insert Row and Delete Row										
9	functions.										
10											
11											
12	Process	Processes	Sub Processes	Cntl	Cntl	Control	Test	Control	Remediation Plan	Evaluation Rationale	Suppc
13	Cycle			Type	Freq	Dsgn	Effect	Inefficiency	Plan	/ Comments	(where c
14	P2P	Acquisition	Create Acquisition	Aut	R	6			no	ORNL-1	ALB Server: DAC
15	P2P	Acquisition	Approve Acquisition	Aut	R	6			no	ORNL-2	Flows
16	P2P	Acquisition	Internal Sourcing	Man	R	5			yes		
17	P2P	Acquisition	External Sourcing	Man	R	5			yes		
18	P2P	Acquisition	Select Vendor								
19	P2P	Acquisition	Create PO								
20	P2P	Acquisition									
21	P2P	Acquisition									



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Document Legend	
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STOP	Required
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D. Documentation of New Controls

1. Document new controls as they are developed during remediation and update sub-process/sub-category documentation accordingly. Documentation should be prepared in accordance with the Documentation Quick Start Guide.

Figure 3

	B	C	D	G	H	I	J	K	L
1	AART: PCS Assess			BZC	General Ledger Mgmt				
2	Site	ORNL			Funds Mgmt				
3	Attester	tbd			FBV/T				
4	Implementer				Cost Mgmt				
5	Date Updated				Insurance				
6	Insert Row	Delete Row			Grants				
7	Make sure the active cell is in the input section (below row 13) to use the Insert Row and Delete Row functions.				Loans				
8					Acquisition				
9					Inventory Mgmt				
10					Payable Mgmt				
11									
12	Process Cycle	Processes	Sub Processes	Risks	Likelihood	Impact	Risk Assessment	Controls	Ctrl Type
13	P2P	Acquisition	Create Acquisition	Person creates a requisition for an unauthorized amount				Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Prepopulated table of authorized amounts is checked.	
15	P2P	Acquisition	Approve Acquisition	Item requested is not for government				Automatic workflow approval process in place. Requisition automatically routed to next level in organization. Several levels of approval are required, therefore the likelihood of this occurrence is low.	
16	P2P	Acquisition	Internal Sourcing	Internal sources item is obsolete and				Internal Sourcing is approved by supervisor in sourcing and Manager or department requesting goods and/or services.	
17	P2P	Acquisition	External Sourcing	Item is externally sourced but could be				Internal Sourcing is approved by supervisor in sourcing and Manager or department requesting goods and/or services.	
18	P2P	Acquisition	Select Vendor	Vendor selected is not the one					
19	P2P	Acquisition	Create PO	Purchase Order value is different from					
20	Site AART / Rolling AART / ECS-Assess / ECS-Test / PCS-Assess / PCS-Test / Assessment Team / Field Office - Site Acquisitions								



Entity and process controls with design deficiencies or weaknesses will stay in the Remediation phase until remedial action is complete.



Quick Start Guide 5 – Remediation

Document Legend	
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	Note
	Tip

E. Re-Evaluate Sub-Process/Sub-Categories

Figure 4

	B	C	D	L	M	N	O	Q	R	S	T
1	AART: PCS Assess										
2	Site	ORNL									
3	Attester	tbd									
4	Implementer	tbd									
5	Date Updated	ddmm/yyyy									
6	Insert Flow Delete Row										
7	Make sure the active cell is in the input section (below row 13) to use the Insert Flow and Delete Row functions.										
8											
9											
10											
11											
12	Process	Processes	Sub Processes	Cntrl Type	Cntrl Freq	Control Dsgn Effect	Test	Control Inefficient	Remediation Plan	Evaluation Rationale / Comments	Suppc (where c
13	P2P	Acquisition	Create Acquisition	Aut	R	3			ORNL-1 2/2/06		ALB Server, DNC Flows
15	P2P	Acquisition	Approve Acquisition	Aut	R	4			ORNL-2 2/2/06		
16	P2P	Acquisition	Internal Sourcing	Man	R	6		No			
17	P2P	Acquisition	External Sourcing	Man	R	5		yes			
18	P2P	Acquisition	Select Vendor								
19	P2P	Acquisition	Create PO								
20	P2P	Acquisition									
21	P2P	Acquisition									

1. Return to the PCS- or ECS-Assess worksheet(s) and:

- ⇒ Enter the date remediation was completed in the “Remediation Plan: Complete” column for the related Sub-process(es)/Sub-Category(ies). (Note: Do not delete CAP ID#)



To enter the date in a second row under the CAP# place cursor behind the CAP# and use alt-enter to bring a new row within a cell.

- ⇒ Update the Controls column to reflect any new key controls implemented.
- ⇒ Change the Control Design Effectiveness rating to **Green**.
- ⇒ Delete prior test result rating (i.e., Pass/Fail) to prepare the new control for testing.
- ⇒ Test the control(s) in accordance with the Testing Guide.



The test plan will need to be re-evaluated for any new controls developed and implemented as part of Remediation.



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F. Update Implementation Plan

1. Document the results of the remediation activities performed
2. Review Implementation Plan for accuracy.
3. Make and track necessary changes.



Major changes to the Implementation Plan will need to be reported in Quarterly Reports.

4. Return to the Documenting phase.



Assessment Teams should report in their quarterly and annual reports those deficiencies that represent significant deficiencies in the design or operation of internal controls that could adversely affect the ability to meet internal control objectives. For purposes of OMB-A-123 reporting, these types of deficiencies are called reportable conditions (see DOE Interim Guidance for OMB Circular A-123 for more information).



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REFERENCES

See CFO A-123 Website for suggested reading material:

OMB A-123 Appendix A

CFO Council Implementation Guide for OMB Circular A-123

Financial Audit Manual (GAO-01-765G)

DOE OMB Circular A-123, Appendix A, Implementation Plan

DOE Interim Guidance for OMB Circular A-123

FY 2005 Audit Report

FY 2005 Management Letter

ADDITIONAL INFORMATION

Refer to the CFO A-123 website which will be updated with latest materials including tools, FAQs and additional reading material.

(<http://www.cfo.doe.gov/progliaison/doeA123/index.htm>)

DEFINITIONS

Word	Definition
Attester	The person who will be required to affirm the authenticity of information for the LPSO.
Cognizant Secretarial Office (CSO)	Headquarters Elements that provide significant funding to Field Offices overseen by the LPSOs.
Field Office (FO)	Location where the Site Assessment Team manages the A-123 Implementation for its Sites. Only the Field Office provides assurance to the LPSO.
Headquarters Element	Lead Program Secretarial Office or Headquarters Business Program that is affected by the financial reporting requirements of OMB A-123, Appendix A.
Implementer	The person responsible for executing the activities to support the Attester's affirmation.
Lead Program Secretarial Office (LPSO)	Headquarters Element whose cognizance includes those Field Offices that are affected by the financial reporting requirements of OMB A-123, Appendix A. These LPSOs provide oversight activities to Field Offices that directly impact the accounts determined to be material to the Department's financial statements.
Process	The highest level of sub-processes within a process cycle.
Process Cycle	An end-to-end sequence of events consisting of the methods and records used to establish, identify, assemble, analyze, classify, and record transactions. ²
Site	Unit of a Field Office including the Field Office federal activities and its contractors (both integrated and non-integrated). Predefined by Headquarters.

² Adapted from the CFO Council Implementation Guide



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NEXT PHASE

